

FAMILY BUSINESS SUCCESSION: THE CASE IN MALAYSIA

PANG, S. N.¹ – WONG, W. W.¹ – ZAKARIA, N.^{1*} – AZIZ, A. Z.¹

¹ *Faculty of Business, International University Malaya-Wales, Kuala Lumpur, Malaysia.*

**Corresponding author
e-mail: nadisah[at]iumw.edu.my*

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Abstract. This study examines the key factors that determine the key success factors for Malaysian family businesses from various perspectives, including the nature of family, business, and successor. As family businesses are the primary context of the study, the 125 respondents are consisting of business owners, successors, or potential successors of family-owned small and medium-sized enterprises (SMEs). All respondents are in any state of West and East Malaysia that have been incorporated for more than 10 years. Multiple regressions, ANOVA, and descriptive statistics are used to analyse the data in this study. The results indicate that the management succession of Malaysian family firms is significantly impacted by successor-related factors and the efficiency of the succession process. Family and business-related elements were found to have a negligible impact on the management succession of the family business since these characteristics are directly influenced by a successor's motivation to take over or engage in the family firm. The findings assist the family business owner in succession planning, communication, governance, and decision-making including financial transparency.

Keywords: *family business, key success factors, small and medium-sized enterprises, Malaysia*

Introduction

Succession planning is a critical process that aims to ensure a smooth transition of leadership and management within a family business. It involves identifying and developing individuals within the family or organization who can take over key roles when the current generation of leader steps down or retires. According to Chesley (2017), more than 80% of business owners plan to pass their company on to their children or other family members. However, in studies conducted by Pindado and Requejo (2015), they found less than 30% of family-owned firms will survive into the second generation and less than 12% will survive into the third, respectively. In order to better understand the challenges where only a small proportion of family-owned firms may continue to operate after the first-generation CEO steps down or retires, academics have performed a variety of studies. These studies varied in their emphasis, with some concentrating on the successor and others examining the family or the current leader in more details (Ham, 2020). According to a research done by Ham (2020), several factors that can impact the succession process, includes career interests, psychosocial needs, and life-stage requirements. Families often depend on their succession plans and their ability to prepare their children to take up the reign of the business (Pindado and Requejo, 2015). The eldest son is usually designated as the primary successor to the business, but he may not possess the appropriate business acumen, vision, or motivation to run it effectively (Rothwell, 2016). Family business owners frequently prioritize long-term sustainability and ongoing family involvement (Tang and Hussin, 2020). The authors claimed that many first-generation founders consider handing over their companies to the next generation as they age and experience health problems. In a way, they hope to see their kids take over the company so they can emulate their success and independence in the future. The authors further stated that family business founders

typically anticipate that their children would contribute to the family company's legacy and prosperity while maintaining their safe retirement (Tang and Hussin, 2020). Often time, the wealth of family-founded companies is the result of the founders' lifetime of risk-taking, commitment, discipline, and hard work. Regardless, it is becoming more typical for the offspring of these family enterprises to start their career elsewhere. However, the truth portrays that qualified employees are frequently passed over from positions merely because they are not part of the family (Tang and Hussin, 2020). The authors of the study also stated that the children who are now employed in the industry are not competent or qualified for the job. Consequently, this has led family-founded businesses opting to close the business or sell the assets.

Several studies found (Mokhber et al., 2017; Helin and Jabri, 2016), many family enterprises do not last through their second or third generations. There is no specific method for succession planning because each family business has its own unique set of structural, environmental, and familial factors at play. Therefore, the absence of succession planning, which frequently occurs just by chance rather than through a planning, is a problem that affects many families. Poor communication between the founder of the family business and the successor or non-family member employees can make succession more difficult and put the company at risk (Chesley, 2017). When a family business is passed down from one generation to the next, succession planning is crucial for its survival (Chesley, 2017). Family members' aptitude, readiness, enthusiasm for their work, dependability, and relationships with incumbents and siblings; participation of family and outsiders in the process; shared vision, values, and culture play a role in the accomplishment of effective succession (Ham, 2020; Sikandar and Mahmood, 2018). Numerous researches on family business succession has been carried out using both quantitative and qualitative methodologies (Gordon and Overbey, 2018). Family businesses have passed control to the next generation for many years, but little is known about the process of management succession in these companies. It is discovered that most studies concentrate on CEO's succession, and do not consider successions involving other senior-level management positions that are crucial to the survival of a family organization, or successions involving multiple family members simultaneously. By performing quantitative analysis, the goal of this research is to add to the body of knowledge on management succession in family firms. According to Mokhber et al. (2017), the lack of succession planning contributed to the failure of company continuity for 70% of family-owned small and medium firms (SMEs). In their study, Helin and Jabri (2016) noted that management succession is a difficult task to do when the founders of the family firm refused to plan for it or failed to do so. Additionally, finding a family member that capable and eager to take over their company can be challenging. When self-interest and business goals are conflicting with each other, descendants of the company founders may be hesitant to join the family business (Zellweger et al., 2015). Family relationships, retirement anxiety, and the traits of the family's successors are other elements that contributed to the failure of succession planning (Suddaby and Jaskiewicz, 2020). Furthermore, according to Bozer et al. (2017), children who are given control of family enterprises would face difficulties in running them. Only 19.7% of children of family business owners aim to someday take over their family business, according to a survey by Zellweger et al. (2015).

According to the Fung et al. (2021), these issues were highlighted and indicated that only 12% of family firms continued to be in operation after passing to the third generation, and only approximately 30% of them could pass to the second. In the same

situation, it is anticipated that only 3% of them will survive the transition to the fourth generation. Particularly, it can be difficult for family businesses to persuade the following generation that starting their careers within the family firm can guarantee them a bright future. The next generation is unable to properly interact with the original owners due to generational differences that affect family members from two generations. They must also deal with the conflicting opinions of first-generation founders on the continuation of their company and the expectations of the following generation in terms of ambition, career, and family business (Fung et al., 2021). The four important factors-family, business, successor-related, and the efficiency of the succession process-have a significant impact on successful management succession in a family firm (Tang and Hussin, 2020; Zellweger et al., 2015). An inclusive succession planning method is derived from this study to close the generational gaps in succession planning. This study will also be helpful for the subsequent generation of family members who are interested in comprehending and developing leadership skills required succeeding in family enterprises.

While most earlier studies concentrated on the family's influence towards ownership and management of the firm, it is important to emphasize that individual adult have a significant role in the family, management succession, and business continuity. This study is expanded to include factors relating to individual successors that can impact management succession in a family-owned organization. Subsequently, the current study aims to discuss management succession in Malaysian family businesses, in particular the success factors that influence the success rate in management succession dimensions from various perspectives, including the nature of family, business, and the successor. The following research questions developed in this study includes: (1) how do family-related factors influence management succession in a Malaysian family business? (2) How do business-related factors affect management succession in a Malaysian family business? (3) How do successors' attributions influence management succession in a Malaysian family business? (4) How does the effectiveness of the succession process affect management succession in a Malaysian family business? The findings suggest that successor-related factors and the effectiveness of the succession process have a significant impact on the management succession of Malaysian family businesses. The management succession of the family business was found to be insignificantly affected by family and business-related factors since these factors are directly determined by a successor's willingness to take over or participate in the family business.

Literature review

For several reasons, it is crucial to study family companies in the Asia Pacific area for the context of the study (Mokhber et al., 2017). Family-owned enterprises dominate national economies, and every nation has a distinct history, culture, and sociopolitical environment of its own. Thirdly, the country's institutional development levels vary, and fourth, the economy has experienced tremendous expansion over the past three decades. As kinship groups shift, the Asia Pacific area, where once were traditional and characterized by a predominance of extended families, is gradually changing to offer a wider range of family compositions. In the study of family enterprises in the Asia Pacific area, context is crucial for several reasons (Mokhber et al., 2017). Family-owned enterprises account for most national economies, and each nation has its history, culture, and sociopolitical context. The country's institutional development levels is the third

contributing component, and the economy has grown extraordinarily during the past three decades. As kinship groups shift, the Asia Pacific region, a more traditional region with a prevalence of extended families, is gradually changing into a region offering a larger family composition range. As a result, it is possible to explore how the dynamics of these changes impact the actions and results of family businesses in this area (Mokhber et al., 2017). However, Mokhber et al. (2017) noted that the junction of family members and the family and the business, in general, is specifically related to the disparities in business performance between families and non-family enterprises.

The leaders of Asian family businesses have been emphasizing their resolve to shield their domestic markets from the business world in response to the rapid expansion of these companies across international borders, as developments in this region run the risk of having an impact on the global economy (Teixeira et al., 2020). There has been an explosion in studies of family businesses in recent decades, particularly those focusing on Asian family-owned businesses (Teixeira et al., 2020; Shen, 2018; Azizi et al., 2017; Merchant et al., 2017). In the Asian region, about 85% of private companies are family businesses (Teixeira et al., 2020; Kamaluddin and Zakaria, 2019; Loh et al., 2017; Merchant et al., 2017). In reality, some of these family enterprises, like Samsung Electronics from South Korea and Chow Tai Fook from Hong Kong, are among the biggest in the world. Asian family firms have frequently experienced tremendous growth as a result of globalization, even when they are also small or medium-sized companies that were "born global" from the start, a strategy that business leaders around the world have tried to imitate (Teixeira et al., 2020; Merchant et al., 2017; Ashwin et al., 2015). Teixeira et al. (2020) research suggests that these prominent Asian family businesses will likely have a big impact on how future global marketplaces are shaped. However, succession is frequently avoided by families in Asian cultures as it is seen as a euphemism (Tang and Hussin, 2020). The studies emphasized that regardless of whether they are deserving of it or not, most founders who are worried about the survival of the family firm tend to pass it on to family members. Planning for a management succession should explicitly consider several factors, including the siblings' disputes and the successors' skill sets. There are other situations where the founder has no plans to run the company any longer or pass it on to their family or workers. This shows that one of the most significant management difficulties family businesses face is succession planning (Tabor and Vardaman, 2020; Camfield and Franco, 2019).

Despite the difficulty in obtaining statistics on family businesses in Malaysia, fragmented data can give a good picture of their size. Around 70% of Malaysia's listed companies, which considerably is a boost to the GDP of the nation, are family enterprises, according to Mosbah et al. (2017). The same study discovered that these businesses historically developed from traditional family-owned businesses and tended to adhere to the management styles and cultures of their founders with little respect for Western business practices or contemporary management techniques. According to a study by Fung et al. (2021), some businesses handle their strategic planning well, while others are hampered by operational problems and generational differences. According to the report, Malaysian family firms are fiercely loyal to their cultural norms, and their main difficulties are in succession planning, innovation, and finding and keeping exceptional people. Even while succession planning is crucial for the growth and continuation of Malaysian family businesses, it is not always considered in the past. According to the research work by Mosbah et al. (2017), reported that succession

difficulties and successor traits have a key impact in defining succession plans. Malaysian family businesses have been able to create strategies for the continuation of their heritage using balanced data analysis, which is now relatively usual for Malaysian family firms to go through succession (Ramadanti et al., 2021). Due to their increased risk-taking and entrepreneurial tendencies in their executive roles, the company's junior managers typically act better than their senior colleagues. The growth of Malaysian family firms has produced several industry tycoons as well as companies that are competing on a regional and international level (Mosbah et al., 2017). Malaysia was listed as having the seventh-highest percentage of family-owned firms in the world in 2017 by the Credit Suisse Research Institute (CSRI) research (Klerk et al., 2017). It was noted in the same report that two Malaysian family businesses had received excellent rankings. Press Metal, a manufacturer of aluminum products, came in at number 49 globally, number 32 in Asia, and number 44 in Asia for share price returns.

Fung et al. (2021) investigated how family companies should proceed in the wake of the COVID-19 epidemic to leave a lasting legacy for future generations. According to the report, just a third of Malaysian family-run firms have created and shared their sustainability strategy, even though 80% of these enterprises view the family business' survival as its most valuable asset. According to the study, the main reason is that older generation thinks younger generations don't value hard effort, which might make them doubt their choices and recommendations. This is particularly common in Asian cultures because succession planning is typically seen as patriarchal. Only 59% of family firms in Malaysia have ownership governance policies, and only 43% of those policies have been passed down to the following generation (Fung et al., 2021). Most respondents said that before their children become managers, they would prefer that they start from the bottom of the organization's management ladder and get familiar with all facets of operations. It is crucial to involve the next generation in the development of management succession processes to ensure a better alignment between the family strategy and the business strategy, even though there has been an increase in the tendency and willingness to engage professional managers who are not family members to assume management responsibilities on a profit-sharing basis (Tang and Hussin, 2020).

It should be emphasized that sustaining continuity must be pursued as a goal and cannot be taken for granted. Therefore, the founders must establish a shared future vision and involve all generations in the succession planning process to guarantee that the company thrives for the following generation (Fung et al., 2021; Umans et al., 2020). Based on the various deliberations and arguments concerning the reason that succession factors can lead to effective succession in the pieces of literature, a comprehensive conceptual framework has been developed to broaden the understanding concerning the rationales of successful management succession affects the continuity in Malaysian family businesses. Under the conceptual framework proposed by Poutziouris et al. (2006), the family-related factors will include positive family relations and communication (Chanchotiyon and Asavanant, 2020; Pyromalis and Vozikis, 2009); business-related factors, focus on organizational culture and corporate governance (Luan et al., 2018; Al-Ali et al., 2017; Warrick, 2017; Brenes et al., 2011); and the successor's personal attribution, the capacity of the successor, and the successor's willingness as the successor-related factor (*Figure 1*). In conjunction with these factors, the effectiveness of the succession process will result in the success of the management

succession of the family business (Zakaria et al., 2019; Basco, 2017; Basco and Calabro, 2017; Binz et al., 2017; Schleppehorst and Moog, 2014).

Critical Success Factors affecting Management Succession in a Family Business

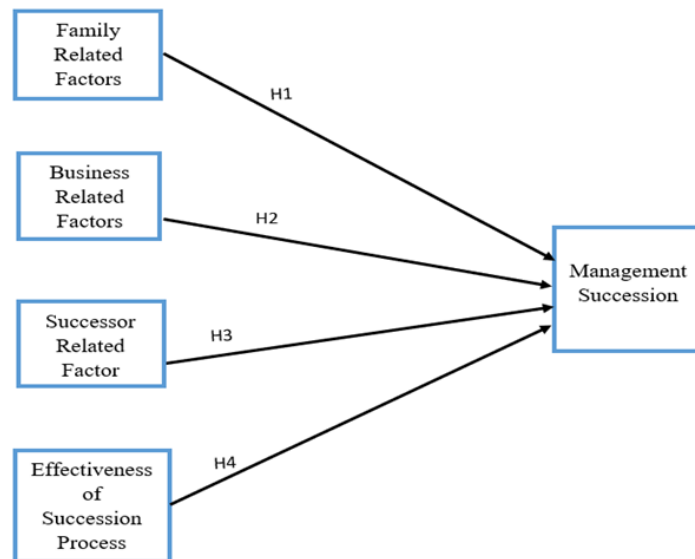


Figure 1. Conceptual framework of the management succession in the family business.

Materials and Methods

To gather the primary data for this study, the researcher recruited a sample of family businesses from any state in West Malaysia and East Malaysia and then conducted a cross-sectional quantitative survey. A cross-sectional study examines information gathered from a population over a specified period, with respondents chosen based on certain research factors (Kendra, 2019). The respondents chosen were the successors or potential successors involved in each stage of the succession process of the family business since the research's goal was to identify the essential factors impacting the management succession process and its efficacy. The researcher recruited possible respondents using digital platforms like Facebook and LinkedIn to guarantee the usefulness and cost-effectiveness of the study. In addition to LinkedIn profiles that show an individual is a family business owner or the children of the owner in Malaysia, the researcher searched for and contacted Facebook pages dedicated to family businesses located in any of the states in West Malaysia or East Malaysia. They sent them a message asking them to participate in the study.

In this study, the researcher constructed a structured online survey questionnaire with three primary sections: Section A, Section B, and Section C using Google Forms. The survey is summarized in Section A, followed by Section B, with Ordinary Scale that allowed respondents to provide demographic data on their age, gender, ethnicity, level of education, position within the organization, business sector, and duration of operation or service of the company. Section C of the questionnaire's detailed questions about independent and dependent variables based on the research goals. This component of the survey requested respondents to attempt the pertinent elements of their lives using structured questions. A total of 125 respondents, including family members, employees,

potential and/or identified successors of the family business, and even the family firm's owners, who are at least 18 years old and have worked for the company for more than a year, were recruited for the study. Participants in this study were owners, successors, or potential successors of family-owned small and medium-sized enterprises (SMEs) in various industries in any state of West and East Malaysia that have been incorporated for more than 10 years as the study's primary context emphasizes on family business. The study employed descriptive statistics, ANOVA and multiple regressions to analyze the data.

Results and Discussion

To give a general perspective of the variable's distribution, *Table 1* display descriptive statistics from the dataset, such as central tendency, variability, and distribution shape. The three methods of measuring central tendency are mode, median, and mean. Based on the entire set of data, each method produces a single value that corresponds to the center of the distribution. According to the analysis of the data set provided above, the dependent variable Management Succession has a mean value of 3.8532. The means for the several independent variables, such as factors about the family, business, successor, and the success of the succession process, are 3.8694, 3.9032, 4.0194, and 3.8548, respectively. Interestingly, it is observed that while the independent variable measuring the effectiveness of the succession process has the lowest mean, the independent variable measuring successor-related characteristics has the highest mean. The variance statistics, on the other hand, range from 0.397 to 0.574. The distributions appear to have a larger left tail because neither the dependent variable nor the independent variables have a positive skew. The independent variable for the success of the succession process has a negative kurtosis, even though the kurtosis of the dependent variable and the independent variables are all less than 3. A platykurtic distribution is flatter than a normal distribution and is generally defined as having a kurtosis of less than 3 (Gawali, 2023).

Table 1. Descriptive statistic analysis.

	A	B	C	D	E	F	G	Skewness		Kurtosis	
								H	I	J	K
Management succession	124	3.20	1.80	5.00	3.8532	0.70358	0.495	-0.169	0.217	0.017	0.431
Family-related factors	124	3.20	1.80	5.00	3.8694	0.62990	0.397	-0.235	0.217	0.364	0.431
Business-related factors	124	3.40	1.60	5.00	3.9032	0.70882	0.502	-0.384	0.217	0.417	0.431
Successor-related factors	124	3.40	1.60	5.00	4.0194	0.59342	0.352	-0.570	0.217	1.368	0.431
Effectiveness of succession process	124	3.20	1.80	5.00	3.8548	0.75755	0.574	-0.322	0.217	-0.034	0.431
Valid N (listwise)	124	-	-	-	-	-	-	-	-	-	-

Note: A=N Statistic; B=Range Statistic; C=Minimum Statistic; D=Maximum Statistic; E=Mean Statistic; F=Standard Deviation Statistic; G=Variance Statistic; H=Statistic; I=Standard Error; J=Statistic; K=Standard Error.

The F-ratio of the ANOVA test results shows how well the overall regression model fits the data, as shown in *Table 2*. The independent factors are statistically significant in predicting the dependent variable, as shown in the table, where $F(4,119)=55.865$,

$p=0.0000.005$, demonstrating that the data set in this study is generally well-fitted. The coefficient table in *Table 4*, details on how to forecast management succession and indicates, using a "Sig" value, if each independent variable is statistically significant to the model. The p-values for each independent variable in the hypothesis test are shown in the "Sig" column. The unstandardized coefficients reveal the variability of the dependent variable concerning the independent variable while all other independent variables are held constant. The unstandardized coefficient B_1 for family-related components is equal to 0.015. In other words, there is a 0.015 rise in Management Succession for every increase in family-related parameters. The model summary outlines the features of the regression model based on *Table 3*. The dependent and independent variables exhibit a strong correlation, as indicated by the R-value of 0.808 for the relationship. The adjusted R-Square value will be applied because the regression model contains many variables. The independent variables may account for 64.1% of the variation in the dependent variable, according to the adjusted R-square value of 0.641. In other words, in contrast to 64.1%, the remaining 35.9% of managerial succession can be explained by factors not included in the regression model. The coefficients table in *Table 4*, offers details on how to forecast management succession and indicates, using a "Sig" value, if each independent variable is statistically significant to the model. The p-values for each independent variable in the hypothesis test are shown in the "Sig" column. The unstandardized coefficients reveal the variability of the dependent variable concerning the particular independent variable while all other independent variables are held constant. The unstandardized coefficient B_1 for family-related components is equal to 0.015. In other words, there is a 0.015 rise in Management Succession for every increase in family-related parameters.

Table 2. ANOVA test result.

Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	39.731	4	9.933	55.865	0.000b
	Residential	21.158	119	0.178		
	Total	60.889	123.000			

Note: b. Predictors (Constant), Effectiveness of succession process, Family-related factors, Business-related factors, Successor-related factor.

Table 3. Regression model.

Model	R	R square	Adjusted R square	Std Error of the estimate	R square change	F change	df1	df2	Sig. F change	Durbin-Watson
1	0.808a	0.653	0.641	0.42166	0.653	55.865	4	119	0	2172

Note: a. Predictors (Constant), Effectiveness of succession process, Family-related factors, Business-related factors, Successor-related factor

Table 4. Coefficients of regression analysis.

Model	A	B	C	D	E	F	G	H	I	J
(Constant)	0.397	0.278	-	1.426	0.156	-	-	-	-	-
Family-related factors	0.015	0.088	0.013	0.166	0.869	0.588	0.015	0.009	0.466	2.144
Business-related factors	0.096	0.083	0.097	1.156	0.250	0.650	0.105	0.062	0.415	2.408
Successor-related factors	0.284	0.104	0.239	2.737	0.007	0.705	0.243	0.148	0.382	2.619
Effectiveness of succession process	0.489	0.089	0.526	5.478	0.000	0.785	0.449	0.296	0.317	3.159

Note: A=Unstandardized B; B=Coefficients Std. Error; C=Standardized Coefficient Beta; D=t; E=Sig.; F=Zero-order; G=Correlation Partial; H=Part; I=Collinearity Tolerance; J=Statistics VIF.

Two of the four hypotheses are supported by the test, as shown in *Table 5*, with a significance level of less than 0.05. The Successor-related Factor and the Effectiveness of the Succession Process are two supported independent factors that have a considerable impact on Management Succession. With a Beta value of 0.526, the effectiveness of the succession process has the biggest influence on management succession; the successor-related component has a Beta value of 0.239.

Table 5. Summary of hypothesis testing.

Hypotheses	Variables	Abb	Beta	Sig.	Description
H1	Family-related factors	F	0.013	0.869	Not supported
H2	Business-related factors	B	0.097	0.250	Not supported
H3	Successor-related factors	S	0.239	0.007	Supported
H4	Effectiveness of succession process	V	0.526	0.000	Supported

Based on the data in the above table, the findings of the hypothesis test are as follows.

H1: There is a positive significant effect of family-related factors on management succession

The result of the hypothesis test is a regression coefficient of 0.013 and a probability P-value of 0.869, both of which are higher than the threshold value of 0.05. It seems that there is little evidence that family-related issues significantly affect management succession. Therefore, the H1 theory is disproved. Considering the generational shift, family businesses encounter difficulties, as claimed by Mosbah et al. (2017). It appears that Malaysian family businesses are shuttered or sold off since the founders' descendants don't want to work there. It is thought that the hesitation to enter the family business stems from the idea that family careers are seen as tedious. The authors noted that parents frequently express the opinion that their children should pursue careers in the arts or sciences. The appointment of professional managers with higher training or skills who would aid in the development of the companies is a common trait in many other situations (Mosbah et al., 2017). It follows that owners prefer that their offspring work as professionals rather than take part in the family business, which is not surprising. The situation appears to have changed due to generational shifts in this new period, notwithstanding the claims of many academics that family-related characteristics play a key influence in the management succession of a family business (Mosbah et al., 2017).

H2: Business-related factors have a significant positive impact on management succession

The results of the hypothesis test reveal a regression coefficient of 0.097 and a probability P-value of 0.250, both of which are higher than the threshold of (0.05). Therefore, the H2 hypothesis is disproved. Upper echelon theory and time perspective theory were employed by Lu et al. (2021) in their study on succession planning in family companies. According to the upper-echelon hypothesis, organizational

objectives, plans, and results are developed and carried out in consideration of the personality and traits of the chief executive officer and other powerful figures inside the company. In contrast, family-owned businesses' current CEOs are often in charge of succession decisions. It is significant to note that traits like a person's subjective sense of time might influence how they perceive and interpret events in administrative settings, which can have an impact on succession planning (Lu et al., 2021). People's perceptions of time (Zimbardo and Boyd, 2014) have an impact on their feelings, thoughts, and behaviors, thus it's important to grasp their psychological past, present, and future (Kauffman and Husman, 2004). According to research, people's perspectives on the past, present, and future have a big impact on how they set goals and perform, learn (Sanna et al., 2003), feel (Wilson and Ross, 2003), and make strategic decisions for their organizations. This suggests that successors' attitudes towards time may affect their expectations and perceptions of situations requiring decision-making and may act as the foundation for such strategic decision-making as succession planning (Lu et al., 2021). Because the human aspect dominates the business-related factor, this hypothesis can be rejected with justification.

H3: Successor-related factor has a positive significant impact on successful management succession

The results of the hypothesis test reveal a regression coefficient of 0.239 and a probability P-value of 0.007, both of which are less than the threshold value of 0.05. It appears that factors associated with the successor have a big influence on managerial succession. As a result, H3's hypothesis is accepted. In Malaysian family firms, there is a strong correlation between management succession and factors associated with succession. The findings from Dato (2021), and Mokhber et al. (2017) are all in agreement with this one. Business continuity and successor-related issues are related, according to Dato (2021). The willingness of the successor to take over the firm, their level of preparedness, and their relationship to the predecessor were among the variables considered. It should be mentioned that the management succession of the family firm is closely tied to successor willingness. Similar results have been published by Tarulevicz (2018). According to Tarulevicz (2018), successors would take over the family firm regardless of their present employment and income if they were motivated to do so. According to Wang et al. (2019), the right choice of successors can also have an impact on the viability of a family-owned business.

H4: An effective succession process contributes to a successful management succession

The regression coefficient for the hypothesis test is 0.526, and the probability P-value is 0.000, which is less than (0.05), according to the results. The management succession process appears to benefit significantly from the succession process' efficacy. As a result, H4's theory is accepted. By adopting the proper management strategies and organizational structures, succession planning should be seen as an inclusive approach as family businesses in Malaysia work to expand and assure corporate sustainability and continuity. Over time, a family business will become more professional. It is important to try to formalize and put in place procedures for settling disputes within families. However, without proper corporate governance, including the implementation of a business paradigm, strategic planning, and a comprehensive

management system, as well as the presence of competent family members, qualified professional managers, talent recruitment and retention, the presence of the right leadership, commitment and devotion from the successors, and business sustainability, none of these factors would guarantee the success and continuity of the company (Tang and Hussin, 2020). It is essential to adopt an inclusive approach to successful succession planning to ensure corporate sustainability and continuity through a successful management succession (Tang and Hussin, 2020). The writers also emphasized that a succession plan will be ineffective if it does not equip the following generation of family members to run the family firm.

Conclusion

The present study indicates that two out of four independent variables are found positively related to management succession. Among those independent variables, successor-related factors and the effectiveness of succession processes are positively significant. The remaining two independent variables-family and business-related factors are found to be insignificant. The management succession of Malaysian family firms was found to have a strong and favourable relationship with successor-related factors. If successors were involved and trained in the family business from a young age, they would be ready for succession. This is corroborated by (Bozer et al., 2017), where the authors claimed that a successor's commitment to becoming a leader is significantly influenced by their early exposure to the family business. Successors will appreciate the family business' importance and be inspired to participate if they are aware of its history and the challenges that earlier generations had to overcome. Additionally, educating children about the worth of money and the significance of conducting business from a young age may improve their preparedness for the world of business.

They will have a greater grasp of the business thanks to their experience working in family firms, which will also gradually provide them with the skills necessary to manage it successfully in the future. Having said that, working for other businesses will give successors the chance to comprehend common company procedures, particularly from an operational standpoint. When they took over the family business, having this experience might help them better understand their staff. Additionally, the successor will be better prepared for the transition if the experience is related to the family business. According to the regression analysis carried out in this study, the effectiveness of succession processes is considerable and has a strong positive relationship with management succession. Family businesses in Malaysia must engage in a succession planning process in a holistic manner that includes the appropriate management techniques and structure as well as the efficient succession process like non-family businesses and listed public companies to grow and achieve business sustainability and continuity. It's crucial to keep in mind, though, that succession planning can swiftly go from effective to useless. Due to staffing changes, owner health difficulties, demographic changes, or industry changes, it is important to consider altering the succession plan or perhaps changing the course entirely.

Managing succession requires resolving system overlaps. The key management team and successor(s) must undergo sufficient leadership development, and the right company structures, including a board of directors and key management team, must be in place, to complete the management succession process. To ensure a higher level of

preparation, the family's history and culture should also be considered while preparing for the succession of the firm. Additionally, it is critical to consider a plan that doesn't impede corporate growth, an acceptable valuation of the company as it interacts with the family, and a backup strategy in the event of a death, disability, or market conditions that could disrupt the succession plan. Planning for succession can be done in a variety of ways, including through developing family members, or hiring outside candidates for executive positions. As a result, family business leaders may assess succession planning approaches and pinpoint best practices for achieving a seamless change of leadership. It was discovered that factors relating to the family and the business did not significantly affect the management succession in Malaysian family firms. In general, any family-owned business's future performance depends greatly on succession planning. Whoever becomes the company's leader can be greatly influenced by family dynamics and business-related issues, such as the family's vision, values, and culture. However, it should be emphasized that additional considerations, such as the qualifications and expertise of potential successors, the business's financial status, and the environment's level of competition, might also be considered. It is impossible to emphasize the significance of taking all these aspects into account when creating a succession plan for a family firm, regardless of the sector or nation in which it operates. The study's findings could come as a surprise, but it is crucial to take them into account when considering the particulars of each family business. According to the study's findings, respondents thought that the successors' level of readiness and willingness to take over the business was more crucial than their ties to their families and other business-related criteria. The willingness of a successor affects every other component since it dictates how the successor interacts with family members, the culture of the organization, and the commercial environment. This finding is consistent with Chanchotiyan and Asavanant (2020) and Wang et al. (2019), in which the authors discussed the relationship between a successor's willingness to succeed and the sustainability of their company and their family. The four primary elements that determine the management succession of family firms were explored in this study. Because the factors covered such a broad range of topics, the researcher had to trade breadth for depth. Therefore, it would be advised that rather than aiming to cover all the subjects included in this study, future research should concentrate in-depth on a few relevant areas. This study has several intriguing findings, but it also has several restrictions that should be considered. Family enterprises go through various generational and temporal changes. As a result, cross-sectional studies typically produce different outcomes. Additionally, the survey was done without disclosing the businesses' industries, ethnic backgrounds, or cultural influences. Therefore, the results may not be sufficiently precise to reflect cultural differences in business management.

Cultural traditions are frequently strongly ingrained in family businesses, and they can have a significant impact on succession planning. Therefore, future studies may look at how cultural beliefs and practices influence management succession choices across regions and industries; compare succession planning practices across various cultures and industries to uncover similarities and variations across methods; and so on. Hence, there is no doubt that family dynamics may have a substantial impact on decision-making, and that succession planning in family enterprises can be an emotionally charged process. The implications of interpersonal biases, communication preferences, and familial ties on managerial succession merit additional study. The long-term financial performance of the organizations can be improved by ESG as

environmental, social, and governance (ESG) issues become more important to large firms with a focus on reporting. Future studies may therefore get a comprehensive understanding of what family businesses must do to thrive in their ESG journey and how ESG might help maintain their continuity. The underrepresentation of women and minorities in family businesses has a long history. Future studies should investigate how diversity and gender affect succession planning choices as well as the long-term effects of encouraging a wider variety of leadership philosophies.

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Conflict of interest

The authors confirm that there is no conflict of interest involve with any parties in this research study.

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